



## IP-ENABLED SERVICES: ECONOMIC ANALYSIS OF FOREBEARING CONSIDERATIONS

SAR-ID	SAR-AIRB	TIER	Note	USE Category			2001 Dollars (in \$00)	
				Interstate Amtrak		Local	State	
				2003	2004 (IECA)	Network Usage	Summons	NECA Dem Data
428215	SOUTHWESTERN BELL CORP	1	non-rural	4,290,515,622	1,469,348	3,185,260	8,307,632	
442161	STATE SW VERIZON IX	1	non-rural	3,060,772,972	1,496,191	3,082,648	6,427,231	
442154	STATE SW VERIZON IX	1	rural	210,181,022	116,867	517,386	471,890	
448516	SCOTTISH STEEL BELL TX	1	non-rural	19,227,250,875	3,116,810	16,898,244	26,803,002	
458101	SW WEST CORP - AZ	1	non-rural	5,165,330,202	3,320,180	3,321,050	9,265,144	
468102	QWEST CORP - CO	1	non-rural	2,868,716	3,164,270	12,223,449		
468103	QWEST CORP - ID	1	non-rural	1,066,187,580	816,348	327,718	2,178,201	
485104	QWEST CORP - MI	1	non-rural	1,263,835,737	347,342	856,751	1,783,173	
4886105	QWEST CORP - NM	1	non-rural	4,785,242,927	818,870	800,963	3,605,778	
498107	QWEST CORP - UT	1	non-rural	2,380,620,932	994,787	1,541,891	4,489,789	
515108	QWEST CORP - WY	1	non-rural	908,952,107	244,328	449,474	1,819,310	
5521016	VERIZON N/WEST WA	1	non-rural	2,96,875,396	755,073	2,075,869	2,809,205	
5621439	VERIZON N/WEST VA	1	non-rural	222,112,052	93,899	226,042	272,112	
582861	QWEST CORP - WA	1	non-rural	8,177,391,205	2,228,163	4,415,94	9,788,458	
5824111	VERIZON N/WEST OR	1	non-rural	1,424,140,850	444,836	741,382	1,970,761	
5351635	QWEST CORP - OR	1	non-rural	1,092,445,813	1,304,393	1,802,932	5,441,007	
5482202	VERIZON CA(CONTELL)	1	non-rural	886,872,071	409,382	1,723,221	939,750	
62319	QWEST CORTEL	1	non-rural	8,262,781,256	4,073,161	20,201,891	10,691,538	
6465170	PACIFIC BELL	1	non-rural	18,106,161,654	17,022,386	86,195,519	43,028,755	
6572239	CENTELLA OF NY	1	non-rural	3,486,886,156	843,398	305,864	4,585,414	
6561723	INTELJAM BELL	1	non-rural	1,265,109,703	370,004	515,033	1,417,944	
6565010	VERIZON DELAWARE INC	1	non-rural	1,923,055,002	864,508	783,796	3,729,716	
6766202	VERIZON N/WA INC	1	non-rural	2,116,881,821	632,381		3,284,371	
6985114	VERIZON RHODE ISLAND	1	non-rural	1,162,394,148	349,346		1,485,113	
6933100	VERIZON HAWAII - HI	1	non-rural	1,857,019,374	606,395		2,414,682	
3332110	FRT - CENTRAL	1	non-rural	220,198,087	174,233	325,187	477,592	
4312011	PUEBLO RICO TEL CO	1	non-rural	2,198,141,000	1,068,322	4,771,428	3,214,371	
1805154	CENTELLA OF VIRGINIA	2	non-rural	957,883,810	234,478	801,191	1,000,963	
2207180	CENTURY TEL AL-SOUTH	2	non-rural	560,657,862	160,386			
2207180	CENTURY TEL AL-NORTH	2	non-rural	380,158,082	123,539			
2311163	VALORON	2	non-rural	311,083,366	114,764			
4421115	CENTEL - TEXAS	3	non-rural	685,944,980	219,939	590,717	919,883	
470170	VERIZON N/PAC(ONTELL)	1	rural exemption listed	156,723,044	86,272	203,086	219,889	
170001	VERIZON N/PA(ONTELL)	1	rural exemption listed	161,059,921	90,835	131,165	170,321	
4823120	VERIZON CALIF - AZ	1	rural exemption listed	30122,200	6,671	17,927	37,211	
4724110	VERIZON N/WEST - ID	1	rural exemption listed	637,301,148	131,917	120,191	681,867	
4724110	QWEST CORP - IDAHO	1	rural exemption listed	101,916,820	30,339	88,497	115,849	
5131035	VERIZON N/WEST(ONTELL)	1	rural exemption listed	147,480,172	54,055	38,508	159,444	
5623244	VERIZON N/WCOAST - CA	1	rural exemption listed	23,473,852	11,084	38,929	29,046	
5623245	VERIZON CALIF - NV	1	rural exemption listed	85,001,446	36,181	189,384	120,491	
5522150	MALHEIM HOME TEL CO	2	rural exemption listed	55,510,455	13,151	14,261	73,932	
6531700	MICRONESIAN TELECOMM	2	rural exemption listed	76,652,894	24,047	15,272	111,065	
4621217	THE EL PASO COUNTY TEL	2	rural exemption listed	3,181,626	5,006	10,607	18,626	
Total Non-Rural Lines								
All ILSGs								
% Interstates								

did not exist in 2000

**TOTAL UNLICENSED ACCESS REVENUE FOR VARIOUS FINANCIAL IMPACT ANALYSES**

	2007	2008	2009	2010	2011	2012	2013	2014
1881 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1882 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1883 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1884 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1885 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1886 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1887 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1888 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1889 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1890 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1891 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1892 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1893 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1894 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1895 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1896 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1897 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1898 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1899 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1900 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1901 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1902 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645
1903 Switched Access	\$645	\$645	\$645	\$645	\$645	\$645	\$645	\$645

	Switched Access Service Rev. from APNS Access							
1987	\$15,425,481,401	\$15,434,324	\$15,434,324	\$15,434,324	\$15,434,324	\$15,434,324	\$15,434,324	\$15,434,324
1988	\$14,445,10,696	\$16,677,4,203	\$16,677,4,203	\$16,677,4,203	\$16,677,4,203	\$16,677,4,203	\$16,677,4,203	\$16,677,4,203
1989	\$13,621,482,918	\$16,583,109	\$16,583,109	\$16,583,109	\$16,583,109	\$16,583,109	\$16,583,109	\$16,583,109
2000	\$11,830,481,384	\$16,987,294	\$16,987,294	\$16,987,294	\$16,987,294	\$16,987,294	\$16,987,294	\$16,987,294
2001	\$9,771,771,497	\$15,749,3779	\$15,749,3779	\$15,749,3779	\$15,749,3779	\$15,749,3779	\$15,749,3779	\$15,749,3779
2002	\$8,444,811,727	\$14,816,894	\$14,816,894	\$14,816,894	\$14,816,894	\$14,816,894	\$14,816,894	\$14,816,894
2003	\$7,212,589,000	\$13,543,075	\$13,543,075	\$13,543,075	\$13,543,075	\$13,543,075	\$13,543,075	\$13,543,075

**IP-ENABLED SERVICES: ECONOMIC ANALYSIS OF FORBEARANCE CONSIDERATIONS**

TOTAL UNITCHED ACCESS PREV. 1997-1998						
COMPANY	NECA ID	2003	2002	2001	2000	1999
FRONTIER						
ROCHESTER	150121	410,706	431,361	485,741	613,163	573,940
CINCINNATI BELL - KY	285501	203,644	207,106	181,582	202,619	196,418
KY ALLTELLEXINGTON	289460	430,202	481,834	#N/A	#N/A	#N/A
CINCINNATI BELL - OH	305062	739,349	761,601	754,564	761,692	767,355
ALLTEL NEBRASKA, INC.	371568	266,067	288,287	281,395	297,986	294,397
CENTURYTEL MO CEN	429784	68,301	94,960	#N/A	#N/A	#N/A
CENTURYTEL MD SW	429787	221,874	228,005	#N/A	#N/A	#N/A
CENTEL OF NV	582348	843,298	868,690	862,534	867,824	838,114
PRTC CENTRAL	633310	174,233	170,920	183,721	177,150	174,415
CENTEL OF VIRGINIA	150254	293478	300,923	300,742	301,484	297,592
CENTURYTEL AL-						
SOUTH	289788	156,882	162,439	#N/A	#N/A	#N/A
CENTURYTEL AL- NORTH	289789	121,533	125,682	#N/A	#N/A	#N/A
VALDRCK	431165	114,178	120,158	124,517	127,134	#N/A
CENTEL OF TEXAS	432114	210,866	231,585	232,243	281,068	226,520
<b>TOTAL</b>		<b>4,232,623</b>	<b>4,443,580</b>	<b>3,404,098</b>	<b>3,378,112</b>	<b>3,467,435</b>

Note: #N/A denotes "not applicable" ... LEC did not exist

Switched Access Revenue - Rates and Allowances under Non-Universal Rates			
	RAOCs/Puerto Rico	Proxy for Non-Rural Other	Total Switched Access Revenues of Non-Universal Rates
1987	Interstate + State	\$ 15,825,401,401	\$ 342,417,512
1991	Interstate + State	\$ 14,465,100,886	\$ 302,676,813
1999	Interstate + State	\$ 13,621,202,916	\$ 284,722,393
2000	Interstate + State	\$ 11,850,451,304	\$ 256,919,894
2001	Interstate + State	\$ 9,771,771,487	\$ 211,204,812
2002	Interstate + State	\$ 8,444,811,737	\$ 252,836,423
2003	Interstate + State	\$ 7,212,619,000	\$ 222,946,438

Source	Year	Residence	USC-est.	Value - Residential Other than Dwelling require	Note
Alltel	2002	US residences and businesses	\$11,376,970,985		
Alltel	2003	US residences and businesses	\$10,625,893,028		
Alltel	2004	US residences and businesses	\$10,625,893,028		
Alltel	2005	US residences and businesses	\$10,625,893,028		
Alltel	2006	US residences and businesses	\$10,625,893,028		
Alltel	2007	US residences and businesses	\$10,625,893,028		
Alltel	2008	US residences and businesses	\$10,625,893,028		

Source	Year	Residence	USC-est.	Value - Residential Other than Dwelling require	Note
Alltel	2002	US residences and businesses	\$11,376,970,985		
Alltel	2003	US residences and businesses	\$10,625,893,028		
Alltel	2004	US residences and businesses	\$10,625,893,028		
Alltel	2005	US residences and businesses	\$10,625,893,028		
Alltel	2006	US residences and businesses	\$10,625,893,028		
Alltel	2007	US residences and businesses	\$10,625,893,028		
Alltel	2008	US residences and businesses	\$10,625,893,028		

Source	Year	Residence	USC-est.	Value - Residential Other than Dwelling require	Note
Alltel	2002	US residences and businesses	\$11,376,970,985		
Alltel	2003	US residences and businesses	\$10,625,893,028		
Alltel	2004	US residences and businesses	\$10,625,893,028		
Alltel	2005	US residences and businesses	\$10,625,893,028		
Alltel	2006	US residences and businesses	\$10,625,893,028		
Alltel	2007	US residences and businesses	\$10,625,893,028		
Alltel	2008	US residences and businesses	\$10,625,893,028		

Assumptions: (a) population of 100,000 lines due to higher rate base growth projections.

(b) 2004.

(c) 2004.

(d) 2004.

(e) 2004.

(f) 2004.

(g) 2004.

(h) 2004.

(i) 2004.

(j) 2004.

(k) 2004.

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(pp) 2004.

(qq) 2004.

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(ss) 2004.

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(uu) 2004.

(vv) 2004.

(ww) 2004.

(xx) 2004.

Source	Year	Measure	LTEC 360	Value - Residential	Value - Commercial	Value - Government	Value - Education	Value - Healthcare	Value - Manufacturing	Value - Transportation	Value - Energy	Value - Telecom	Total - % of 2005 license fee revenue from total 0.05% license
Scheduled	2005	US (residences and businesses)	RELOC & Non-Rural Other LECs	1,859,821	1,958,821	1	1	1	1	1	1	1	32%
Calculated	2005	US (residences and businesses)	RELOC & Non-Rural Other LECs	3,289,811	2,989,811	1	1	1	1	1	1	1	33%
Calculated	2005	US (residences and businesses)	RELOC & Non-Rural Other LECs	3,620,924	3,620,924	1	1	1	1	1	1	1	35%
Calculated	2005	US (residences and businesses)	RELOC & Non-Rural Other LECs	3,948,116	3,948,116	1	1	1	1	1	1	1	36%
Calculated	2005	US (residences and businesses)	RELOC & Non-Rural Other LECs	4,368,672	4,368,672	1	1	1	1	1	1	1	37%
Calculated	2005	US (residences and businesses)	RELOC & Non-Rural Other LECs	12,489,806	8,929,806	1	1	1	1	1	1	1	38%

Source	Year	Measure	LTEC 360	Value - New	Value - Existing	Value - Residential	Value - Commercial	Value - Government	Value - Education	Value - Healthcare	Value - Manufacturing	Value - Transportation	Value - Energy	Value - Telecom	Total - % of 2005 license fee revenue from total 0.05% license
Actual	2005	US	100% LTEC 360	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	69.0%
Projected	2010	US	100% LTEC 360	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	69.0%
Projected	2015	US	100% LTEC 360	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	69.0%
Projected	2020	US	100% LTEC 360	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	69.0%
Projected	2025	US	100% LTEC 360	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	69.0%
Projected	2030	US	100% LTEC 360	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	69.0%

Source	Year	Measure	LTEC 360	Value - Residential	Value - Commercial	Value - Government	Value - Education	Value - Healthcare	Value - Manufacturing	Value - Transportation	Value - Energy	Value - Telecom	Total - % of 2005 license fee revenue from total 0.05% license
Scheduled	2005	US	RELOC & Non-Rural Other LECs	1,017,809	1,017,809	1	1	1	1	1	1	1	32%
Calculated	2005	US	RELOC & Non-Rural Other LECs	1,123,897	1,123,897	1	1	1	1	1	1	1	33%
Calculated	2005	US	RELOC & Non-Rural Other LECs	2,002,231	2,002,231	1	1	1	1	1	1	1	33%
Calculated	2005	US	RELOC & Non-Rural Other LECs	2,887,411	2,887,411	1	1	1	1	1	1	1	33%
Scheduled	2007	US	RELOC & Non-Rural Other LECs	3,125,697	3,125,697	1	1	1	1	1	1	1	34%
Calculated	2008	US	RELOC & Non-Rural Other LECs	4,388,427	4,388,427	1	1	1	1	1	1	1	35%

Source	Year	Measure	LTEC 360	Value - Residential	Value - Commercial	Value - Government	Value - Education	Value - Healthcare	Value - Manufacturing	Value - Transportation	Value - Energy	Value - Telecom	Total - % of 2005 license fee revenue from total 0.05% license
Scheduled	2005	US	RELOC & Non-Rural Other LECs	1,123,897	1,123,897	1	1	1	1	1	1	1	33%
Calculated	2005	US	RELOC & Non-Rural Other LECs	2,183,203	2,183,203	1	1	1	1	1	1	1	33%
Calculated	2005	US	RELOC & Non-Rural Other LECs	3,621,867	3,621,867	1	1	1	1	1	1	1	33%
Scheduled	2009	US	RELOC & Non-Rural Other LECs	5,125,697	5,125,697	1	1	1	1	1	1	1	34%
Calculated	2007	US	RELOC & Non-Rural Other LECs	2,002,231	2,002,231	1	1	1	1	1	1	1	33%
Scheduled	2008	US	RELOC & Non-Rural Other LECs	3,125,697	3,125,697	1	1	1	1	1	1	1	34%
Calculated	2009	US	RELOC & Non-Rural Other LECs	5,125,697	5,125,697	1	1	1	1	1	1	1	34%
Scheduled	2007	US	RELOC & Non-Rural Other LECs	2,002,231	2,002,231	1	1	1	1	1	1	1	33%
Calculated	2008	US	RELOC & Non-Rural Other LECs	3,125,697	3,125,697	1	1	1	1	1	1	1	34%

2005 Data Source: AT&T Annual Report: The State of Competition 2005, p.730, page 17, <http://www.att.com/reports/annual/>



## PLANNED SERVICES ECONOMIC ANALYSIS OF PERFORMANCE CONSIDERATIONS

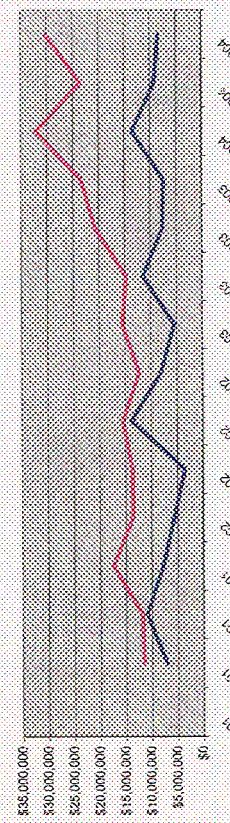
Assumed Change in Access Revenues from Performance Considerations		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Rates of Change	From 1st USER											
Assumed Change in Standard Access Rate (A)	4.00%											
Assumed Change in M.O.U. (B)	-7.37%											
Assumed Change in Access Revenue - CALCULATED (C=(A+B))	-3.30%											
Revenues	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000

Assumed Change in Access Revenues from Performance Considerations		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Rates of Change	From 1st USER											
Assumed Change in Standard Access Rate (A)	4.00%											
Assumed Change in M.O.U. (B)	-7.37%											
Assumed Change in Access Revenue - CALCULATED (C=(A+B))	-3.30%											
Revenues	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000

Quarter	Estimated DSL Revenue (\$)	RBOC Net Revenue (\$)
1Q01	\$1,700,000	\$1,700,000
2Q01	\$1,700,000	\$1,700,000
3Q01	\$1,700,000	\$1,700,000
4Q01	\$1,700,000	\$1,700,000
1Q02	\$1,700,000	\$1,700,000
2Q02	\$1,700,000	\$1,700,000
3Q02	\$1,700,000	\$1,700,000
4Q02	\$1,700,000	\$1,700,000
1Q03	\$1,700,000	\$1,700,000
2Q03	\$1,700,000	\$1,700,000
3Q03	\$1,700,000	\$1,700,000
4Q03	\$1,700,000	\$1,700,000
1Q04	\$1,700,000	\$1,700,000
2Q04	\$1,700,000	\$1,700,000
3Q04	\$1,700,000	\$1,700,000
4Q04	\$1,700,000	\$1,700,000

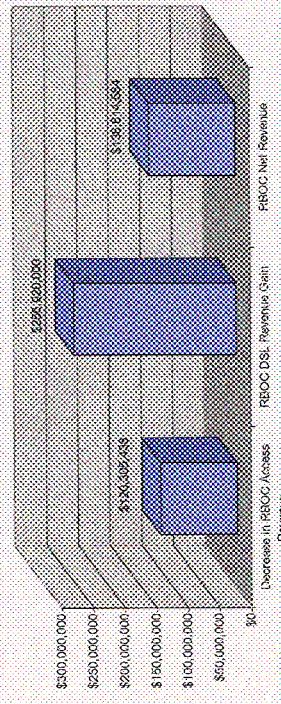
Note (ii): See calculations on tab RBOC DSL Analysis.

RBOC Access Revenue Loss & RBOC DSL Revenue Gain: 1Q01-4Q04



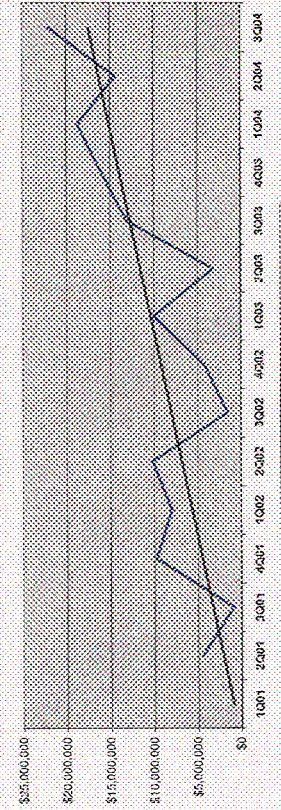
Decrease in RBOC Access Revenue ---- RBOC DSL Revenue Gain ----

RBOC Cumulative Net Revenue Impact: 1Q01-4Q04



Decrease in RBOC Access Revenue ---- RBOC DSL Revenue Gain ---- Total Cumulative Net Revenue ----

RBOC Net Revenue



RBOC Net Revenue ---- Linear RBOC Net Revenue ----

QUARTER	SBC DSL LINES <sup>1</sup>	VERIZON DSL LINES <sup>2</sup>	SBC LOCALDSL LINES	QWEST DSL LINES <sup>3</sup>	TOTAL DSL LINES <sup>4</sup>	TOTAL AOL DSL LINES <sup>5</sup>	TOTAL DSL LINES <sup>6</sup>
1Q01	303,500	130,200	212,000	102,000	547,700	222,000	769,700
2Q01	303,500	130,200	212,000	102,000	547,700	222,000	769,700
3Q01	387,500	130,200	212,000	102,000	531,900	201,000	732,900
4Q01	387,500	130,200	212,000	102,000	531,900	201,000	732,900
1Q02	387,500	130,200	212,000	102,000	531,900	201,000	732,900
2Q02	387,500	130,200	212,000	102,000	531,900	201,000	732,900
3Q02	387,500	130,200	212,000	102,000	531,900	201,000	732,900
4Q02	387,500	130,200	212,000	102,000	531,900	201,000	732,900
1Q03	387,500	130,200	212,000	102,000	531,900	201,000	732,900
2Q03	387,500	130,200	212,000	102,000	531,900	201,000	732,900
3Q03	387,500	130,200	212,000	102,000	531,900	201,000	732,900
4Q03	387,500	130,200	212,000	102,000	531,900	201,000	732,900
1Q04	387,500	130,200	212,000	102,000	531,900	201,000	732,900
2Q04	387,500	130,200	212,000	102,000	531,900	201,000	732,900
3Q04	387,500	130,200	212,000	102,000	531,900	201,000	732,900

<sup>1</sup> SEC DSL lines in service were obtained from SBC's quarterly 10Q reports filed with the SEC and SBC's online quarterly investor briefings. However, could not locate SBC DSL lines for 1st Quarter 2003. Utilized the midpoint of 4th Quarter 2000 and 2nd Quarter 2001 instead. 4th Quarter 2000 SBC DSL lines = 167,000.

<sup>2</sup> Verizon DSL lines in service were obtained from Verizon quarterly 10Q reports filed with the SEC and Verizon's online investor briefings.

<sup>3</sup> BellSouth DSL lines in service were obtained from BellSouth quarterly 10Q reports filed with the SEC and BellSouth's online investor briefings.

<sup>4</sup> Qwest DSL lines in service were obtained from Qwest's on-line quarterly earnings releases.



## IP-ENABLED SERVICES: ECONOMIC ANALYSIS OF FORBEARANCE CONSIDERATIONS

QUARTER	SEC Total Switched In Service Lines <sup>6</sup>	BellSouth Total Switched Switched Access Lines <sup>7</sup>	Switched Total Switched Access		Switched Total Switched Access Lines <sup>8</sup>	Switched Total Switched Access Lines <sup>9</sup>	Switched Total Switched Access Lines <sup>10</sup>	Switched Total Switched Access Lines <sup>11</sup>	Switched Total Switched Access Lines <sup>12</sup>	Net Revenue Change
			Switched Access Lines	Toll MOU						
1Q01	2,710,000	2,710,000	2,710,000	3,222,000	1,627,000	1,627,000	1,627,000	1,627,000	1,627,000	\$-1,100,613
2Q01	2,720,000	2,720,000	2,720,000	3,232,000	1,634,000	1,634,000	1,634,000	1,634,000	1,634,000	\$-1,101,608
3Q01	2,730,000	2,730,000	2,730,000	3,242,000	1,642,000	1,642,000	1,642,000	1,642,000	1,642,000	\$-1,102,594
4Q01	2,740,000	2,740,000	2,740,000	3,252,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	\$-1,103,580
1Q02	2,750,000	2,750,000	2,750,000	3,262,000	1,658,000	1,658,000	1,658,000	1,658,000	1,658,000	\$-1,104,566
2Q02	2,760,000	2,760,000	2,760,000	3,272,000	1,666,000	1,666,000	1,666,000	1,666,000	1,666,000	\$-1,105,552
3Q02	2,770,000	2,770,000	2,770,000	3,282,000	1,674,000	1,674,000	1,674,000	1,674,000	1,674,000	\$-1,106,538
4Q02	2,780,000	2,780,000	2,780,000	3,292,000	1,682,000	1,682,000	1,682,000	1,682,000	1,682,000	\$-1,107,524
1Q03	2,790,000	2,790,000	2,790,000	3,302,000	1,690,000	1,690,000	1,690,000	1,690,000	1,690,000	\$-1,108,510
2Q03	2,800,000	2,800,000	2,800,000	3,312,000	1,698,000	1,698,000	1,698,000	1,698,000	1,698,000	\$-1,109,496
3Q03	2,810,000	2,810,000	2,810,000	3,322,000	1,706,000	1,706,000	1,706,000	1,706,000	1,706,000	\$-1,110,482
4Q03	2,820,000	2,820,000	2,820,000	3,332,000	1,714,000	1,714,000	1,714,000	1,714,000	1,714,000	\$-1,111,468
1Q04	2,830,000	2,830,000	2,830,000	3,342,000	1,722,000	1,722,000	1,722,000	1,722,000	1,722,000	\$-1,112,454
2Q04	2,840,000	2,840,000	2,840,000	3,352,000	1,730,000	1,730,000	1,730,000	1,730,000	1,730,000	\$-1,113,440
3Q04	2,850,000	2,850,000	2,850,000	3,362,000	1,738,000	1,738,000	1,738,000	1,738,000	1,738,000	\$-1,114,426
4Q04	2,860,000	2,860,000	2,860,000	3,372,000	1,746,000	1,746,000	1,746,000	1,746,000	1,746,000	\$-1,115,412
1Q05	2,870,000	2,870,000	2,870,000	3,382,000	1,754,000	1,754,000	1,754,000	1,754,000	1,754,000	\$-1,116,408
2Q05	2,880,000	2,880,000	2,880,000	3,392,000	1,762,000	1,762,000	1,762,000	1,762,000	1,762,000	\$-1,117,394
3Q05	2,890,000	2,890,000	2,890,000	3,402,000	1,770,000	1,770,000	1,770,000	1,770,000	1,770,000	\$-1,118,380
4Q05	2,900,000	2,900,000	2,900,000	3,412,000	1,778,000	1,778,000	1,778,000	1,778,000	1,778,000	\$-1,119,366
1Q06	2,910,000	2,910,000	2,910,000	3,422,000	1,786,000	1,786,000	1,786,000	1,786,000	1,786,000	\$-1,120,352
2Q06	2,920,000	2,920,000	2,920,000	3,432,000	1,794,000	1,794,000	1,794,000	1,794,000	1,794,000	\$-1,121,338
3Q06	2,930,000	2,930,000	2,930,000	3,442,000	1,802,000	1,802,000	1,802,000	1,802,000	1,802,000	\$-1,122,324
4Q06	2,940,000	2,940,000	2,940,000	3,452,000	1,810,000	1,810,000	1,810,000	1,810,000	1,810,000	\$-1,123,310

<sup>6</sup> SBC switched access lines in service were obtained from SBC's quarterly 1Q and 2003 10K reports filed with the SEC and SBC's online quarterly investor briefings.

<sup>7</sup> Verizon switched access lines in service were obtained from Verizon's quarterly 1Q and 2003 10K reports filed with the SEC and Verizon's online quarterly investor briefings.

<sup>8</sup> BellSouth's switched access lines in service were obtained from BellSouth's quarterly 1Q and 2003 10K reports filed with the SEC and BellSouth's online quarterly investor briefings.

<sup>9</sup> Qwest's switched access lines in service were obtained from Qwest's quarterly 1Q and 2003 10K reports filed with the SEC and Qwest's online quarterly earnings releases.

<sup>10</sup> Average monthly toll MOU assumed to be:

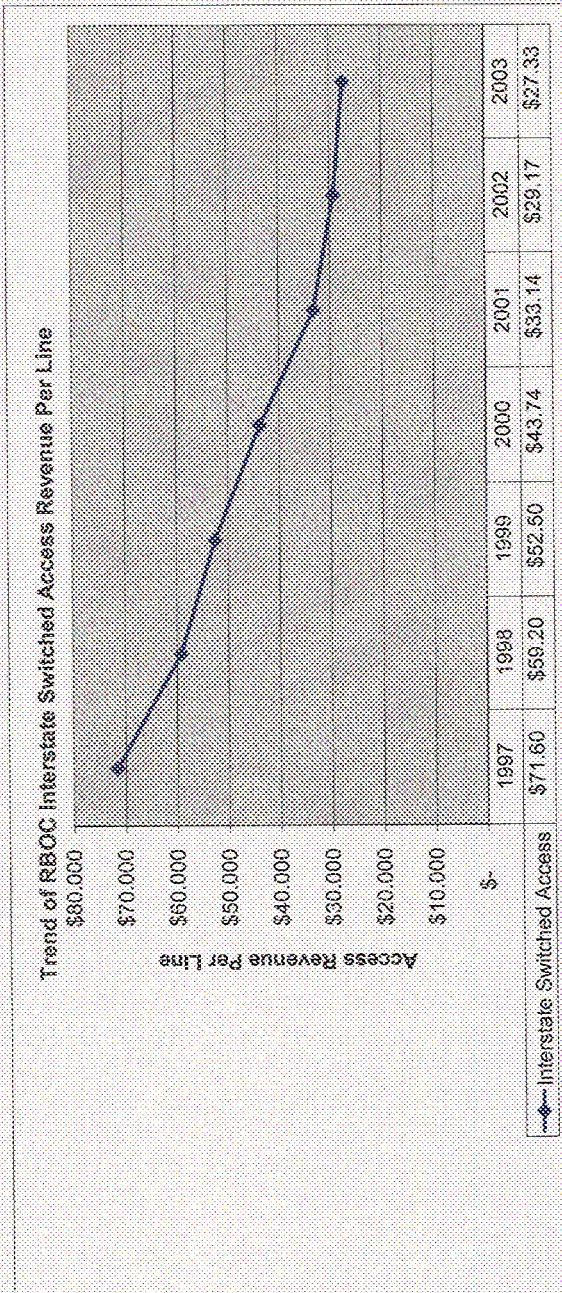
<sup>11</sup> Composite interstate/intrastate access rate per MQU (see tab USER-ADJUSTABLE INPUTS)

<sup>12</sup> DSL revenue per month:

<sup>6</sup> \$30,154.42

<sup>11</sup> \$38,08

TREND OF INTERSTATE SWITCHED ACCESS REVENUE PER LINE  
FOR RBOCS (1997-2003)



Note: Table based on AT&T's 2003 forecast of Interstate Switched Access Revenue

#### In thousands

Year	Network Access Services Price / Switched Access	Network Access Revenue / Interstate Switched Access
1997	\$10.00	\$100,000
1998	\$12.00	\$144,000
1999	\$14.00	\$196,000
2000	\$16.00	\$256,000
2001	\$18.00	\$324,000
2002	\$20.00	\$392,000
2003	\$22.00	\$464,000

Note: Only Interstate Switched Revenues are reported because Intrastate revenues for 1997-2002 are not split between switched and special

Data Run Date: 11/28/2004

**FCC Report 43-08, the ARMS Operating Data Report**  
**Table III. Access Lines in Service by Customer**

Report Number	COSA	Company	Year	Row Title	Total Switched Access Lines		Special Access Lines (Non-Switched): Analog (f)	Special Access Lines (Non-Switched): Digital (K)	Total Access Lines (Switched & Special): (f)
					(f)	0			
			1997 Total	153,183,670		1,137,423	25,168,913	178,480,011	
			1998 Total	159,320,773		1,142,729	32,926,738	194,330,258	
			1999 Total	164,384,904		1,014,615	47,806,308	213,415,824	
			2000 Total	163,770,563		1,217,488	64,380,848	228,368,898	
			2001 Total	156,190,990		938,258	78,561,128	235,730,654	
			2002 Total	147,224,787		930,300	93,344,760	241,400,147	
			2003 Total	137,317,843		884,384	107,550,480	245,753,177	
			Grand Total	1,08,503,530		7,326,252	449,739,188	1,538,568,970	
			1997	153,183,670					
			1998	159,320,773					
			1999	164,384,904					
			2000	163,770,563					
			2001	156,190,990					
			2002	147,224,787					
			2003	137,317,843					

## FCC Report 43-04, the ARNIS Access Report

### Table I. Separations and Access Data

Report Number	COSA	Company	Year	Row	Row Title	Subject to Separations	State	Interestate
4304	BSTR	BellSouth Corporation	1997	4011	Access	Network Access Service Rev. - Switched	1,829,805	1,829,805
4304	BSTR	BellSouth Corporation	1998	4011	Access	Network Access Service Rev. - Switched	1,647,854	1,647,854
4304	BSTR	BellSouth Corporation	1999	4011	Access	Network Access Service Rev. - Switched	1,498,600	1,498,600
4304	BSTR	BellSouth Corporation	2000	4011	Access	Network Access Service Rev. - Switched	1,241,989	1,241,989
4304	BSTR	BellSouth Corporation	2001	4011	Access	Network Access Service Rev. - Switched	869,004	869,004
4304	BSTR	BellSouth Corporation	2002	4011	Access	Network Access Service Rev. - Switched	734,387	734,387
4304	BSTR	BellSouth Corporation	2003	4011	Access	Network Access Service Rev. - Switched	1,045,144	412,918
4304	BSTR	BellSouth Corporation	1997	4011	Access	Network Access Service Rev. - Switched	1,259,456	1,259,456
4304	USTR	Gwest Corporation	1998	4011	Access	Network Access Service Rev. - Switched	1,017,776	1,017,776
4304	USTR	Gwest Corporation	1999	4011	Access	Network Access Service Rev. - Switched	1,010,757	1,010,757
4304	USTR	Gwest Corporation	2000	4011	Access	Network Access Service Rev. - Switched	836,684	836,684
4304	USTR	Gwest Corporation	2001	4011	Access	Network Access Service Rev. - Switched	621,030	621,030
4304	USTR	Gwest Corporation	2002	4011	Access	Network Access Service Rev. - Switched	570,689	570,689
4304	USTR	Gwest Corporation	2003	4011	Access	Network Access Service Rev. - Switched	836,177	256,461
							579,718	